

Buy (old: Buy)

PT EUR 29.00 (old: 30.00)

Price EUR 17.65
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 18.05.2010 / Closing price

Market cap: EUR 30.7 m
Enterprise Value (EV): EUR 27.5 m
Book value: EUR 33.5 m
No. of shares: 1.7 m
Trading volume Ø: EUR 20.7 th

Shareholders:
Freefloat 38.0 %
Professor Dr. Heinz-Otto Peitgen 19.4 %
Dr. Carl J. G. Evertsz 19.4 %
Dr. Hartmut Jürgens 16.5 %
MeVis Medical Solutions AG 6.7 %

Calendar:
Figures Q2 08/30/10
Figures Q3 11/22/10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	17.0	0	20.7	0	24.4	0
EBIT	2.2	-7.7	4.6	-3.9	6.0	-3.2
EPS	0.59	-11.9	1.43	-4.9	2.03	-3.9

Analysis: SES Research
Date of publication: 19.05.2010
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Weak Q1

On May 18, 2010, MeVis Medical Solutions AG released Q1 2010 figures, which fell short of expectations (high EPS deviations are due to basis effects and result from a net income/EBIT which is EUR 0.4m lower):

MeVis Medical Solutions - Q1 2010								
Figures in EUR m	Q1/10	Q1/10e	Q1/09	yoy	2010e	2009	yoy	
Sales	3.7	3.9	3.5	7.5%	17.0	13.9	22.3%	
EBITDA	1.0	1.4	1.0	-3.4%	6.5	4.5	45.9%	
<i>margin</i>	26.4%	37.0%	29.4%		38.5%	32.3%		
EBIT	0.1	0.5	0.4	-65.9%	2.0	1.6	24.7%	
<i>margin</i>	4.0%	14.0%	12.6%		12.0%	11.8%		
EPS in EUR	-0.09	0.13	0.08	-	0.52	0.23	126.1%	

Sources: MeVis Medical Solutions (historical data), SES Research (estimates)

The shortfall to expectations was due to slightly higher costs and slightly weaker sales. **This can mainly be put down to a very weak Other Diagnostics segment (-13 % yoy). A release change of the lung product 'Visia CT Lung System' was decisive for the weak performance.** The order intakes decreased substantially in the run-up to the introduction of this product, as customers had waited for the introduction of the new product generation. This effect is expected to be offset in the course of the year. **The Digital Mammography segment, in turn, rose significantly by 18%.** This segment is expected to continue to deliver good sales contributions, as **the digitalisation ratio of mammography devices in the important US market comes to a mere 61% (Q1 09: 48%).** An overall adjustment of the sales projections is not necessary. However, the earnings projection is reduced because of the higher costs.

Visia Lung, the new lung product, is **the first software which was developed on MeVisAP, the company's own technology platform. Products in the fields of liver, thorax, lungs, neurology, prostate and bowels will follow in the next few quarters, contributing to sales growth in the fiscal years 2010/11.** Sales are expected to grow at a double-digit rate even beyond 2010.

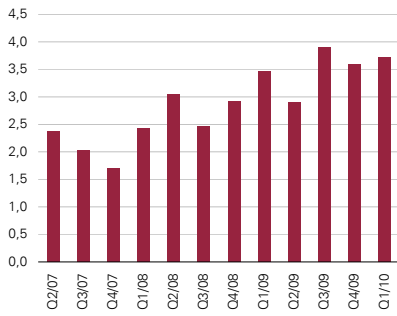
The balance-sheet situation is still very good. The company has liquid funds, other assets and own shares (market value) worth ca. EUR 19m. This is opposed by financial liabilities of just over EUR 14m, which are payable on a very long-term basis. A small part of their repayment is non-cash-effective. The **high cash flow** also has to be pointed out. Adjusted for the acquisition of the Medis stake, the company generated cash of EUR 1.3m in Q1.

All in all, the stock continues to be rated as Buy. The PT is slightly reduced to EUR 29 (30) on the back of the adjusted projections.

Fiscal year ending: 31.12.							
in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	17.0	20.7	24.4
<i>Change Sales yoy</i>	111.0 %	-5.4 %	37.4 %	27.9 %	22.3 %	22.0 %	18.0 %
Gross profit	7.9	7.2	12.4	15.7	19.4	23.0	26.6
<i>Gross margin</i>	94.9 %	91.8 %	114.5 %	113.3 %	114.2 %	111.0 %	108.8 %
EBITDA	5.0	0.9	1.8	4.5	6.5	9.1	11.4
<i>EBITDA-margin</i>	59.9 %	11.9 %	16.2 %	32.3 %	38.5 %	44.2 %	46.6 %
EBIT	4.7	0.5	0.7	1.6	2.0	4.4	5.8
<i>EBIT-margin</i>	56.8 %	6.3 %	6.1 %	11.8 %	12.0 %	21.2 %	23.6 %
Net income	2.9	0.1	2.1	0.4	0.9	2.4	3.4
EPS	5.44	0.17	1.21	0.23	0.52	1.36	1.95
Free Cash Flow per share	7.68	-5.00	-0.64	0.02	1.48	1.50	2.54
Dividend	0.00	0.00	0.00	0.00	0.17	0.45	0.65
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	1.0 %	2.5 %	3.7 %
EV/Sales	3.6	3.8	2.8	2.2	1.6	1.2	0.9
EV/EBITDA	6.0	32.1	17.1	6.7	4.2	2.8	1.9
EV/EBIT	6.4	60.7	45.3	18.4	13.5	5.8	3.7
PER	3.2	103.8	14.6	76.7	33.9	13.0	9.1
ROCE	117.3 %	2.6 %	1.5 %	3.3 %	4.5 %	10.3 %	13.7 %
Adj. Free Cash Flow Yield	15.9 %	2.5 %	5.1 %	14.1 %	22.7 %	35.2 %	51.5 %

Sales development

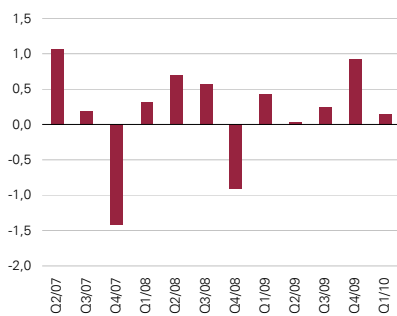
in EUR m



Source: MeVis Medical Solutions

EBIT development

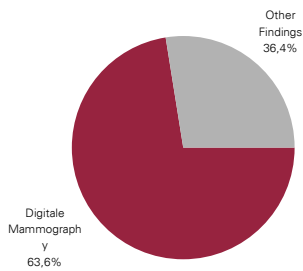
in EUR m



Source: MeVis Medical Solutions

Sales by segments

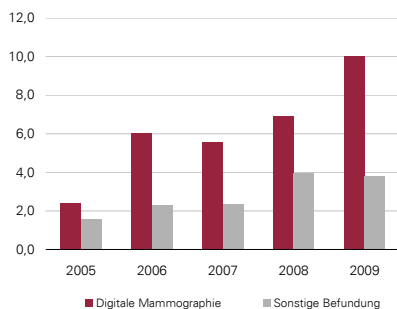
2009



Source: MeVis Medical Solutions

Sales Split according to segments

in EUR m



Source: MeVis Medical Solutions

Company background

The origin of MeVis Medical Solutions AG, founded in 1998, goes back to the year 1992, when CeVis (Center for Complex Systems and Visualization) was founded at the University of Bremen. MeVis Medical Solutions AG was created with the goal of developing and marketing commercially successful disease-related products on the basis of the scientific successes in the field of research. Since its founding, MeVis has been active in the field of computer assistance of imaging-based, medical diagnostics and therapy.

MeVis has managed to become one of the world's leading suppliers of software solutions for the image-based medicine. This development is based much on the success in the field of digital mammography. Together with Hologic and Siemens, MeVis's solutions dominate this segment today. In addition, MeVis has a broad range of products at its disposal, some of which are already on the market or in the final stage of development.

Competitive quality

MeVis is pursuing a strategy of early market occupation in new fields of medical imaging technology. At the focus here are products for mass markets (such as breast cancer screening or computer-aided neurosurgery). MeVis features the ability to occupy market niches very early on compared to its rivals. This strategy is based on a combination of important factors:

- Excellence of employees: The scientific excellence of the employee team surrounding Prof. Peitgen (founder of the MeVis Group) and Dr. Carl J. G. Evertz forms the basis for the firstclass expertise of the company. MeVis's employees include top researchers in the field of computer-aided medicine.
- Global partner network with R&D centres and clinics: MeVis supports long-term and interdisciplinary co-operations with more than 100 clinics and leading research centres in Germany, Europe, the US and Asia. The high market proximity of MeVis is again and again the root of product innovation.
- Partnerships with leading equipment manufacturers: MeVis supports partnerships with the globally leading medical engineering OEMs. The following examples are mentioned here: together with Siemens, a joint venture has been undertaken (MeVis Breastcare) through which the leading products in the field of digital mammography can be marketed. The most important supplier of digital mammogram devices (Hologic) uses exclusively MeVis software for its digital mammography workstations. There is also a co-operation with Invivo/Philips in the field of MRI and biopsy.

The major aspect of the strategy and uniqueness of MeVis lie in its close cooperation with OEMs and its ability to offer these manufacturers marketable, technological products early on. Billion EUR groups such as Siemens, Hologic and Invivo/Philips have already impressively shown that this approach has stood the test of time.

Consolidated Profit & Loss MeVis Medical Solutions

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	17.0	20.7	24.4
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	1.9	2.3	3.0	3.0	3.0
Total sales	8.3	7.9	12.8	16.2	20.0	23.7	27.4
Material Expenses	0.4	0.7	0.4	0.5	0.6	0.7	0.9
Gross profit	7.9	7.2	12.4	15.7	19.4	23.0	26.6
Personnel expenses	2.3	4.2	7.7	9.8	10.8	11.3	12.2
Other operating income	0.9	1.2	1.1	1.8	1.5	1.9	2.2
Other operating expenses	1.5	3.3	4.1	3.3	3.6	4.3	5.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	5.0	0.9	1.8	4.5	6.5	9.1	11.4
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.5	0.6	0.7
EBITA	4.9	0.7	1.4	3.9	6.0	8.5	10.6
Amortisation of intangible fixed assets	0.1	0.2	0.7	2.3	4.0	4.1	4.9
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.7	0.5	0.7	1.6	2.0	4.4	5.8
Interest income	0.1	0.2	1.1	0.6	0.3	0.1	0.2
Interest expenses	0.3	0.1	0.3	1.0	1.1	1.1	1.1
Financial result	-0.3	0.0	2.0	-0.5	-0.8	-1.0	-0.9
Recurring pretax income from cont. operations	4.5	0.5	2.7	1.2	1.2	3.4	4.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	4.5	0.5	2.7	1.2	1.2	3.4	4.9
Taxes total	1.5	0.4	0.6	0.8	0.3	1.0	1.5
Net income from continuing operations	2.9	0.1	2.1	0.4	0.9	2.4	3.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	2.9	0.1	2.1	0.4	0.9	2.4	3.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.9	0.1	2.1	0.4	0.9	2.4	3.4

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Consolidated Profit & Loss MeVis Medical Solutions

in % of Sales

	2006	2007	2008	2009	2010E	2011E	2012E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.0 %	0.0 %	17.9 %	16.6 %	17.7 %	14.5 %	12.3 %
Total sales	100.0 %	100.0 %	117.9 %	116.6 %	117.7 %	114.5 %	112.3 %
Material Expenses	5.1 %	8.2 %	3.4 %	3.3 %	3.5 %	3.5 %	3.5 %
Gross profit	94.9 %	91.8 %	114.5 %	113.3 %	114.2 %	111.0 %	108.8 %
Personnel expenses	27.9 %	53.2 %	70.7 %	70.7 %	63.7 %	54.8 %	50.2 %
Other operating income	10.8 %	15.0 %	9.8 %	13.2 %	9.0 %	9.0 %	9.0 %
Other operating expenses	17.9 %	41.6 %	37.4 %	23.6 %	21.0 %	21.0 %	21.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	59.9 %	11.9 %	16.2 %	32.3 %	38.5 %	44.2 %	46.6 %
Depreciation of fixed assets	1.5 %	2.8 %	3.6 %	3.9 %	3.0 %	3.0 %	3.0 %
EBITA	58.4 %	9.1 %	12.6 %	28.4 %	35.5 %	41.2 %	43.6 %
Amortisation of intangible fixed assets	1.5 %	2.8 %	6.5 %	16.6 %	23.5 %	20.0 %	20.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	56.8 %	6.3 %	6.1 %	11.8 %	12.0 %	21.2 %	23.6 %
Interest income	0.8 %	2.5 %	9.7 %	4.3 %	1.5 %	0.5 %	0.8 %
Interest expenses	4.0 %	1.7 %	3.0 %	7.2 %	6.5 %	5.3 %	4.5 %
Financial result	-3.2 %	-0.1 %	18.8 %	-3.4 %	-4.9 %	-4.8 %	-3.8 %
Recurring pretax income from cont. operations	53.7 %	6.2 %	25.0 %	8.4 %	7.1 %	16.4 %	19.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	53.7 %	6.2 %	25.0 %	8.4 %	7.1 %	16.4 %	19.9 %
Taxes total	18.5 %	4.5 %	5.5 %	5.6 %	1.8 %	4.9 %	6.0 %
Net income from continuing operations	35.2 %	1.7 %	19.5 %	2.9 %	5.3 %	11.5 %	13.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	35.2 %	1.7 %	19.5 %	2.9 %	5.3 %	11.5 %	13.9 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	35.2 %	1.7 %	19.5 %	2.9 %	5.3 %	11.5 %	13.9 %

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Balance sheet MeVis Medical Solutions

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	0.4	1.4	26.9	27.1	26.8	26.4	25.2
thereof other intangible assets	0.4	1.2	10.1	10.5	10.2	9.8	8.6
thereof Goodwill	0.0	0.1	16.7	16.6	16.6	16.6	16.6
Property, plant and equipment	0.3	0.4	1.4	1.2	1.0	0.8	0.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.7	1.8	28.3	28.3	27.8	27.2	25.8
Inventories	0.0	0.0	0.2	0.1	0.1	0.1	0.1
Accounts receivable	1.9	2.6	2.3	4.2	2.8	3.4	4.0
Other Assets	1.1	2.7	8.5	3.2	3.2	3.2	3.2
Liquid assets	5.4	28.5	20.3	15.1	12.7	12.0	12.6
Current assets	8.4	33.8	31.3	22.7	18.8	18.7	20.0
Total assets	9.1	35.6	59.6	51.0	46.6	45.9	45.7
Liabilities and shareholders' equity							
Subscribed capital	0.1	1.8	1.8	1.8	1.8	1.8	1.8
Additional paid-in capital	0.0	28.3	28.4	28.5	28.5	28.5	28.5
Surplus capital	0.0	0.0	0.0	0.0	0.9	3.3	6.7
Other equity components	2.6	0.7	2.4	2.3	2.3	2.0	1.2
Book value	2.7	30.8	32.6	32.6	33.5	35.6	38.2
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	2.7	30.8	32.6	32.6	33.5	35.6	38.2
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Financial liabilities	2.0	2.9	19.4	14.5	9.5	6.5	3.5
Accounts payable	0.4	0.7	1.0	1.1	0.9	1.1	1.3
Other liabilities	3.9	1.2	6.3	2.6	2.6	2.6	2.6
Liabilities	6.5	4.8	27.0	18.3	13.1	10.3	7.5
Total liabilities and shareholders equity	9.1	35.6	59.6	51.0	46.6	45.9	45.7

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Balance sheet MeVis Medical Solutions

in % of Balance Sheet Total

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	4.3 %	3.9 %	45.1 %	53.1 %	57.5 %	57.5 %	55.1 %
thereof other intangible assets	4.3 %	3.5 %	17.0 %	20.6 %	21.9 %	21.3 %	18.8 %
thereof Goodwill	0.0 %	0.4 %	28.1 %	32.5 %	35.6 %	36.2 %	36.3 %
Property, plant and equipment	3.2 %	1.1 %	2.4 %	2.3 %	2.2 %	1.8 %	1.3 %
Financial assets	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	7.4 %	5.1 %	47.5 %	55.5 %	59.7 %	59.2 %	56.4 %
Inventories	0.3 %	0.0 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %
Accounts receivable	20.6 %	7.3 %	3.9 %	8.3 %	6.0 %	7.4 %	8.8 %
Other Assets	12.0 %	7.5 %	14.3 %	6.3 %	6.9 %	7.0 %	7.1 %
Liquid assets	59.7 %	80.0 %	34.0 %	29.6 %	27.2 %	26.1 %	27.7 %
Current assets	92.6 %	94.8 %	52.5 %	44.5 %	40.4 %	40.8 %	43.7 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	0.6 %	5.1 %	3.1 %	3.6 %	3.9 %	4.0 %	4.0 %
Additional paid-in capital	0.0 %	79.4 %	47.6 %	55.8 %	61.1 %	62.0 %	62.3 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	1.9 %	7.1 %	14.6 %
Other equity components	28.6 %	1.9 %	4.1 %	4.6 %	5.0 %	4.4 %	2.7 %
Book value	29.2 %	86.4 %	54.7 %	63.9 %	71.9 %	77.5 %	83.6 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	29.2 %	86.4 %	54.7 %	63.9 %	71.9 %	77.5 %	83.6 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	0.8 %	0.1 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Financial liabilities	21.9 %	8.1 %	32.6 %	28.4 %	20.3 %	14.1 %	7.6 %
Accounts payable	4.8 %	1.8 %	1.7 %	2.2 %	1.9 %	2.4 %	2.8 %
Other liabilities	43.3 %	3.4 %	10.5 %	5.0 %	5.5 %	5.6 %	5.6 %
Liabilities	70.9 %	13.5 %	45.3 %	36.0 %	28.2 %	22.5 %	16.5 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Statement of Cash Flows MeVis Medical Solutions

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	4.5	-2.7	0.6	-0.2	0.9	2.4	3.4
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.5	0.6	0.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	0.2	0.7	2.3	4.0	4.1	4.9
Increase/decrease in long-term provisions	-0.2	0.0	0.2	0.1	0.0	0.0	0.0
Other costs affecting income / expenses	-0.3	0.0	1.4	0.1	0.0	0.0	0.0
Cash Flow	4.2	-2.3	3.2	2.8	5.4	7.1	9.0
Increase / decrease in inventory	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.3	-1.2	-0.6	1.9	1.4	-0.6	-0.6
Increase / decrease in accounts payable	0.7	1.0	0.4	-1.6	-0.2	0.2	0.2
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	0.4	-0.2	-0.3	0.3	1.2	-0.4	-0.4
Cash flow from operating activities	4.6	-2.5	2.9	3.1	6.6	6.7	8.6
CAPEX	-0.4	-1.4	-4.0	-3.0	-4.0	-4.1	-4.2
Payments for acquisitions	0.1	-0.2	-4.5	-4.7	-5.0	-3.0	-3.0
Financial investments	0.0	-0.1	-5.0	-2.3	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.3	-1.6	-13.5	-10.0	-9.0	-7.1	-7.2
Change in financial liabilities	-0.9	-0.3	-0.4	-0.1	-5.0	-3.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	-0.3	-0.8
Purchase of own shares	0.0	-2.2	-2.2	-0.5	0.0	0.0	0.0
Capital measures	0.0	27.7	0.0	0.0	0.0	0.0	0.0
Others	0.0	2.0	0.0	0.0	5.0	3.0	3.0
Cash flow from financing activities	-0.9	27.1	-2.6	-0.5	0.0	-0.3	-0.8
Change in liquid funds	3.4	23.0	-13.2	-7.4	-2.4	-0.7	0.6
Effects of exchange rate changes on cash	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Liquid assets at end of period	5.4	28.5	15.3	7.7	5.3	4.6	5.3

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Financial Ratios MeVis Medical Solutions

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	40.1 %	88.1 %	101.7 %	84.4 %	79.2 %	70.3 %	65.7 %
Sales per Employee	157,396	85,783	59,912	58,029	64,504	71,541	76,744
EBITDA per Employee	94,226	10,207	9,707	18,720	24,837	31,613	35,780
EBIT-margin	56.8 %	6.3 %	6.1 %	11.8 %	12.0 %	21.2 %	23.6 %
EBITDA / Operating Assets	304.9 %	40.0 %	61.1 %	101.2 %	216.1 %	284.4 %	337.7 %
ROA	434.2 %	7.3 %	7.5 %	1.4 %	3.2 %	8.7 %	13.2 %
Efficiency of Capital Employment							
Plant Turnover	29.1	19.8	7.7	11.6	16.6	25.4	42.8
Operating Assets Turnover	5.1	3.4	3.8	3.1	5.6	6.4	7.2
Capital Employed Turnover	1.8	0.2	0.2	0.3	0.4	0.5	0.6
Return on Capital							
ROCE	117.3 %	2.6 %	1.5 %	3.3 %	4.5 %	10.3 %	13.7 %
EBITDA / Avg. Capital Employed	123.6 %	4.9 %	4.1 %	9.0 %	14.4 %	21.4 %	27.1 %
ROE	110.6 %	0.4 %	6.5 %	1.2 %	2.7 %	6.7 %	8.9 %
Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	2.7 %	6.9 %	9.2 %
Recurring Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	2.7 %	6.9 %	9.2 %
ROIC	58.0 %	0.4 %	3.9 %	0.8 %	2.0 %	5.4 %	7.8 %
Solvency							
Net Debt	-3.4	-25.6	-0.8	-0.6	-3.2	-5.5	-9.2
Net Gearing	-129.4 %	-83.1 %	-2.5 %	-1.9 %	-9.6 %	-15.5 %	-24.0 %
Book Value of Equity / Book Value of Debt	133.0 %	1063.6 %	167.8 %	225.2 %	353.5 %	549.3 %	1098.5 %
Current ratio	1.3	7.1	1.2	1.2	1.5	1.8	2.7
Acid Test Ratio	1.3	7.0	1.2	1.2	1.4	1.8	2.6
EBITDA / Interest Paid	15.1	6.9	5.5	4.5	5.9	8.3	10.3
Interest Cover	18.0	n.a.	n.a.	4.1	2.4	4.4	6.3
Cash Flow							
Free Cash Flow	4.1	-3.8	-1.1	0.0	2.6	2.6	4.4
Free Cash Flow / Sales	49.7 %	-48.7 %	-10.2 %	0.2 %	15.2 %	12.6 %	18.1 %
Adj. Free Cash Flow	4.8	0.8	1.5	4.3	6.3	8.9	11.1
Adj. Free Cash Flow / Sales	30.0 %	3.0 %	1.1 %	21.3 %	28.6 %	32.6 %	35.0 %
Free Cash Flow / Net Profit	141.3 %	-2912.9 %	-52.5 %	7.8 %	287.7 %	110.3 %	130.2 %
Interest Received / Avg. Cash	1.8 %	1.2 %	4.3 %	3.4 %	1.9 %	0.9 %	1.5 %
Interest Paid / Avg. Debt	12.7 %	5.6 %	2.9 %	5.9 %	9.2 %	13.8 %	22.1 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	33.0 %	33.0 %	33.3 %
Fund Management							
Investment ratio	5.4 %	18.8 %	83.2 %	38.4 %	23.8 %	19.9 %	17.2 %
Maint. Capex / Sales	2.3 %	2.3 %	2.0 %	1.6 %	1.6 %	1.3 %	1.1 %
Capex / Dep	176.7 %	334.3 %	825.8 %	187.3 %	89.9 %	86.5 %	74.6 %
Avg. Working Capital / Sales	13.7 %	20.9 %	15.7 %	16.9 %	15.4 %	10.6 %	10.7 %
Trade Creditors / Trade Debtors	427.6 %	397.7 %	225.9 %	376.6 %	311.1 %	309.1 %	307.7 %
Inventory turnover (days)	1.3	0.4	5.2	3.4	1.8	1.8	1.8
Receivables collection period (DSOs)	82.0	120	78.9	111	60.0	60.0	60.0
Payables collection period (days)	19.2	30.2	34.9	29.5	20.0	20.0	20.0
Cash conversion cycle (days)	59.1	90.1	49.2	85.0	41.8	41.8	41.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	1.0 %	2.5 %	3.7 %
P/B	11.6	1.0	0.9	0.9	0.9	0.9	0.8
EV/sales	3.6	3.8	2.8	2.2	1.6	1.2	0.9
EV/EBITDA	6.0	32.1	17.1	6.7	4.2	2.8	1.9
EV/EBIT	6.4	60.7	45.3	18.4	13.5	5.8	3.7
EV/FCF	7.3	n.m.	n.m.	971.5	10.7	9.6	4.9
P/E	3.2	103.8	14.6	76.7	33.9	13.0	9.1
P/CF	7.3	neg.	9.6	11.1	5.7	4.3	3.4
Adj. Free Cash Flow Yield	14.0 %	n.a.	10.6 %	9.2 %	19.6 %	28.3 %	41.8 %

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m

	2006	2007	2008	2009	2010e	2011e	2012e
Net Income	2.9	0.1	2.1	0.4	0.9	2.4	3.4
+ Depreciation + Amortisation	0.3	0.4	1.1	2.8	4.5	4.8	5.6
- Net Interest Income	-0.3	0.0	2.0	-0.5	-0.8	-1.0	-0.9
+ Taxes	1.5	0.4	0.6	0.8	0.3	1.0	1.5
- Maintenance Capex	0.2	0.2	0.2	0.2	0.3	0.3	0.3
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	4.8	0.8	1.5	4.3	6.3	8.9	11.1
Adjusted Free Cash Flow Yield	15.9%	2.5%	5.1%	14.1%	22.7%	35.2%	51.5%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	30.1	30.1	30.1	30.1	27.5	25.2	21.6
= Fair Enterprise Value	48.0	7.6	15.4	42.6	62.5	88.7	111.1
- Net Debt (Cash)	-0.6	-0.6	-0.6	-0.6	-3.2	-5.5	-9.2
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	48.6	8.2	16.1	43.2	65.7	94.2	120.2
No. of shares (m)	1.7	1.7	1.7	1.7	1.7	1.7	1.7
= Fair value per share (EUR)	27.92	4.71	9.22	24.80	37.75	54.09	69.04
premium (-) / discount (+) in %	58.2%	-73.3%	-47.8%	40.5%	113.9%	206.5%	291.2%

Sensitivity Fair value per Share (EUR)

	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%
Hurdle rate	21.56	23.33	25.41	27.92	30.98	34.81	39.73
	3.71	3.99	4.32	4.71	5.20	5.80	6.58
	7.17	7.74	8.41	9.22	10.21	11.44	13.02
	19.16	20.72	22.57	24.80	27.51	30.91	35.27
	29.46	31.77	34.49	37.75	41.74	46.73	53.14
	42.34	45.60	49.46	54.09	59.75	66.82	75.91
	54.32	58.41	63.24	69.04	76.13	84.99	96.38

Sources: MeVis Medical Solutions (historical data), SES Research (estimates)

DCF Model - MeVis Medical Solutions

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	17.0	20.7	24.4	28.1	30.9	34.0	37.4	41.1	43.2	45.3	47.6	50.0	51.5	53.0
Change	22.3%	22.0%	18.0%	15.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
EBIT	2.0	4.4	5.8	6.7	7.4	8.2	9.0	9.9	10.4	10.9	11.4	12.0	12.4	12.7
EBIT-Margin	12.0%	21.2%	23.6%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Tax rate	25.0%	30.0%	30.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	1.5	3.1	4.0	4.4	4.8	5.3	5.8	6.4	6.7	7.1	7.4	7.8	8.0	8.3
Depreciation	4.5	4.8	5.6	5.3	5.6	5.4	5.6	5.8	5.6	5.4	5.2	5.0	4.6	4.2
in % of Sales	26.5%	23.0%	23.0%	19.0%	18.0%	16.0%	15.0%	14.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
Change in Liquidity from														
- Working Capital	1.2	-0.4	-0.4	-0.4	-0.3	-0.4	-0.4	-0.4	-0.2	-0.2	-0.3	-0.3	-0.2	-0.2
- Capex	-4.0	-4.1	-4.2	-4.2	-4.6	-5.1	-5.2	-5.3	-5.6	-5.4	-5.2	-5.0	-4.6	-4.2
Capex in % of Sales	23.8%	19.9%	17.2%	15.0%	15.0%	15.0%	14.0%	13.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	3.2	3.3	5.1	5.1	5.4	5.3	5.8	6.4	6.5	6.8	7.2	7.5	7.9	8.1

Model parameter

Debt ratio	10.00%	Beta	1.50
Costs of Debt	6.8%	WACC	10.68%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	3.00%

Valuation (mln)

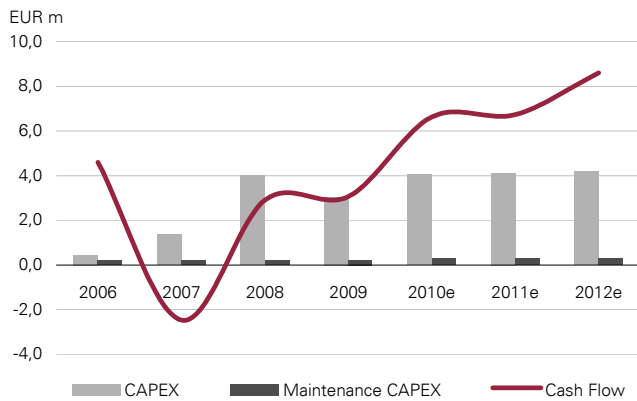
Present values 2023e	39.9	Special items	16.0
Terminal Value	26.6		
Liabilities	-14.5		
Liquidity	15.1	No. of shares (mln)	1.74
Equity Value	51.1	Value per share (EUR)	29.35

Sensitivity Value per Share (EUR)

Terminal Growth								Delta EBIT-margin							
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.68%	23.80	24.10	24.41	24.75	25.10	25.48	25.88	11.68%	22.67	23.36	24.06	24.75	25.44	26.13	26.82
11.18%	25.77	26.13	26.50	26.90	27.33	27.78	28.26	11.18%	24.69	25.43	26.17	26.90	27.64	28.38	29.12
10.93%	26.85	27.24	27.65	28.09	28.55	29.05	29.58	10.93%	25.80	26.56	27.32	28.09	28.85	29.61	30.37
10.68%	27.99	28.41	28.86	29.35	29.86	30.41	31.00	10.68%	26.98	27.77	28.56	29.35	30.13	30.92	31.71
10.43%	29.20	29.67	30.16	30.69	31.26	31.86	32.52	10.43%	28.24	29.06	29.87	30.69	31.51	32.33	33.14
10.18%	30.49	31.00	31.55	32.13	32.76	33.43	34.15	10.18%	29.59	30.44	31.28	32.13	32.98	33.83	34.67
9.68%	33.34	33.96	34.62	35.34	36.11	36.94	37.85	9.68%	32.59	33.51	34.42	35.34	36.25	37.17	38.08

Source: SES Research

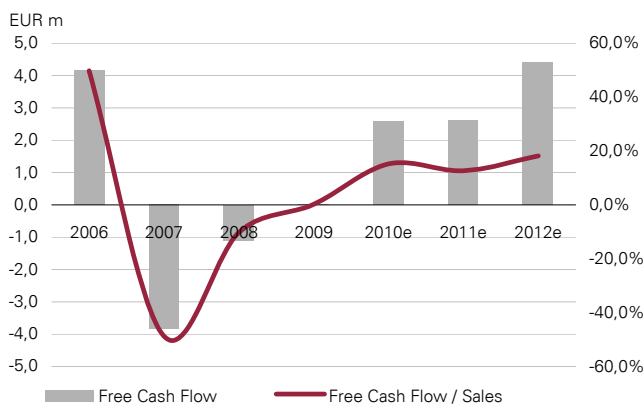
CAPEX and Cash Flow - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- CAPEX is increasing massively due to considerable product developments
- Maintenance investments are of subordinate significance at software companies

Free Cash Flow Generation - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Cash flow is highly impacted by investments in new products
- Return to growth path expected in the long term

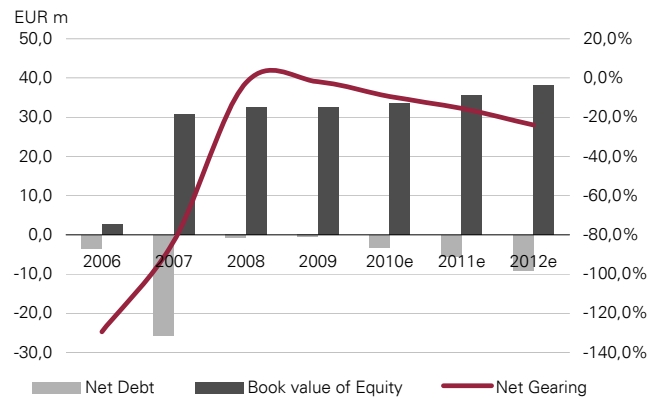
Operating Leverage - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Operating leverage and operating expenses/sales are strongly deviating as costs of MeVis are barely changing

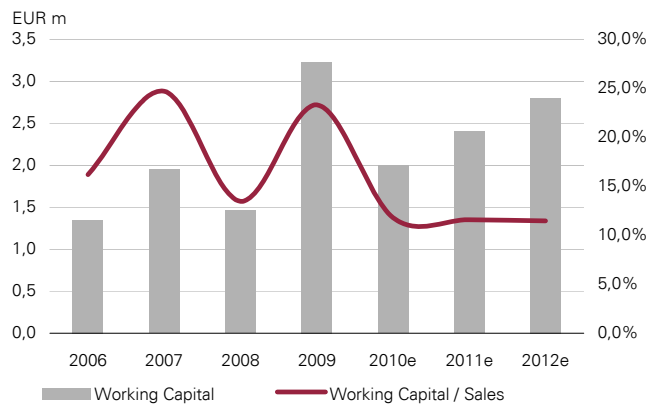
Balance Sheet Quality - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- IPO led to considerable inflow of cash in 2007
- The equity book value and the entire balance sheet quality also improved considerably

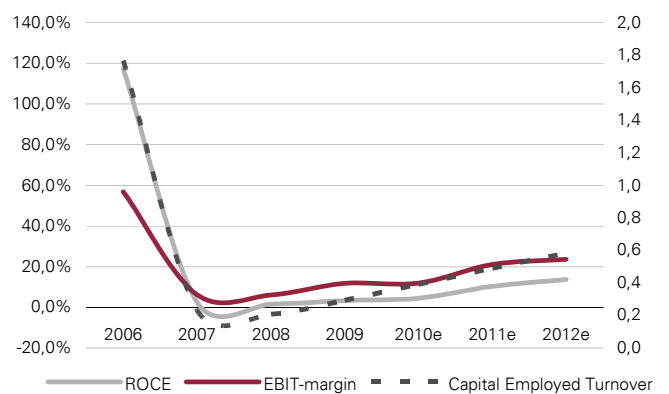
Working Capital - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Stabilisation of Working Capital expected at approx. 15
- Increase of Working Capital within the scope of business expansion

ROCE Development - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- ROCE and EBIT margin have little significance before the IPO due to base effects
- Increase/Scaling of EBIT margin expected in the long term

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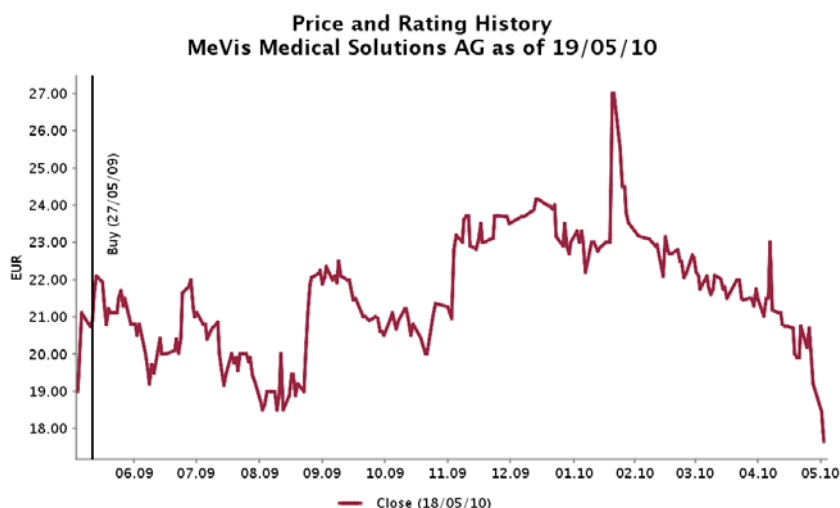
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Hold	56	28%
Sell	9	5%
Rating suspended	19	10%
Total	197	

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Sell	2	1%
Rating suspended	10	7%
Total	135	



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